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October 5, 2012

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket Nos. 11-RPS-01 RPS; 03-RPS-1078; 02-REN-1038

Comments of Powerex Corp. on the California Energy Commission Staff Workshop on 2008-2010 RPS Procurement Verification and SB X 1-2 RPS Procurement Verification

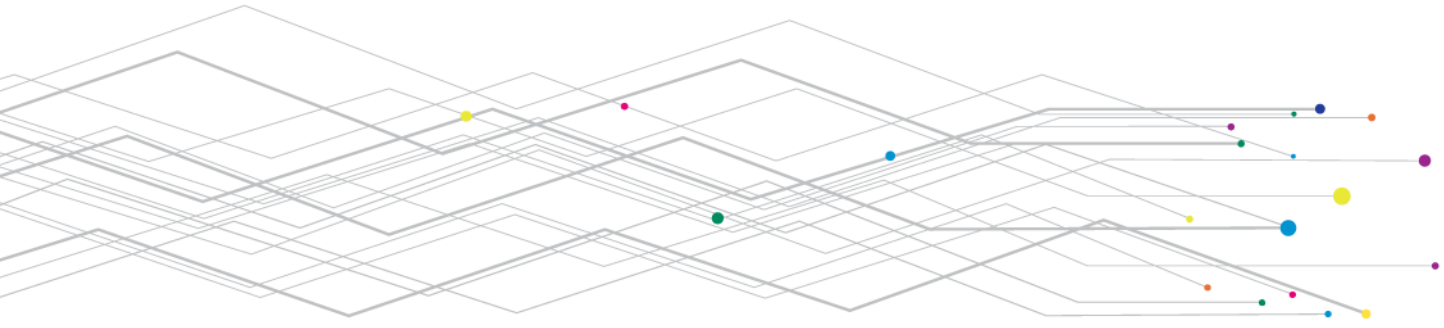
Dear Docket Office:

Powerex Corp. ("Powerex") hereby respectfully submits its comments in Docket Nos. 11-RPS-01 RPS; 03-RPS-1078; and 02-REN-1038 addressing the California Energy Commission Staff Workshop on 2008-2010 RPS Procurement Verification and SB X 1-2 RPS Procurement Verification held on September 21, 2012.

Powerex would like to thank the Energy Commission for the opportunity to provide comments on the presentations and discussion at workshop. Powerex understands that comments received regarding the workshop will inform the Energy Commission staff in their development of the RPS Procurement Reporting and Verification section of the Draft RPS Eligibility Guidebook, 7th edition.

Information to verify delivery: Source Point and Point of Receipt
Powerex would like to echo the comments of several other parties with regards to the Energy Commission's use of the terms "source point" and "point of receipt". On several occasions throughout the slide decks provided at the staff workshop, the terms were referred to interchangeably:

- In the presentation "2008-2010 RPS Procurement Verification Data Review", Slide 20 refers to 'the '"Source" or "Point of Receipt" located outside CA and within WECC' as a component of information to be included in the annual report to verify delivery.
- In the presentation "2008-2010 RPS Procurement Verification Data Review", Slide 23 refers to "Source/Point of Receipt (POR)" as an example of energy delivery information not available in WREGIS.



- In the presentation “RPS Procurement Reporting & Verification under SB X1-2”, Slide 23 describes e-Tag summary report information including “Generator Name – THIS IS THE SOURCE, FIRST POINT OF RECEIPT (POR)”.

- In the presentation “RPS Procurement Reporting & Verification under SB X1-2”, Slide 24 explains Staff’s preliminary expectations of procurement verification documentation for claims for facilities scheduled into a California Balancing Authority (CBA), including “RPS Generator Name as Point of Receipt*”.

The synonymous use of the terms “source point” and “point of receipt” is inconsistent with how the terms are used on NERC e-Tags. The source point listed on an e-Tag is a separate and distinct field from the first point of receipt. The former refers to the facility or unit where generation physically takes place. The latter is where a facility or unit delivers its output to the bulk transmission system and could be the same point for numerous facilities or units.

The distinction is confirmed by both NAESB and NERC definitions. For example, the NERC Reliability Standards define POR as “a location that the Transmission Service Provider specifies on its transmission system where an Interchange Transaction enters or a Generator delivers its output.” See http://www.nerc.com/files/Glossary_of_Terms.pdf.

The NERC and NAESB standards are used industry-wide. For ease of implementation, the RPS Procurement Reporting and Verification section of the Draft RPS Eligibility Guidebook, 7th edition should be consistent with these standards.

As indicated by several parties at the workshop, Powerex recommends that the Energy Commission use the Source – and not the Point of Receipt – as the procurement verification information required for claims for facilities scheduled into a CBA. The rules under SB 1X-2 regarding Product Content Category 1 (PCC1) require that energy be scheduled directly from the generation source into a CBA. Both NAESB and NERC definitions indicate that the Source as listed on an e-Tag provides this information.

Lesser of E-tag and meter data for verification of PCCs

Powerex supports the statements of the Energy Commission and several other participants at the workshop, that “the Legislation effectively requires an annual hourly analysis of meter and schedule data to determine what portion of the generation met the schedule, was under the schedule or was over the schedule” (Slide 17, “RPS Procurement Reporting & Verification under SB X1-2”) in order to make a determination of PCC1. Slides 19 and 20 of the same presentation also provide a good example of how the Energy Commission can distinguish between the portfolio content categories.

Powerex believes the necessary information can be obtained from various existing sources in order to provide the Energy Commission staff with sufficient data to make verification determinations. Revenue meter data can be used to verify the actual hourly output of the RPS generator and information contained on e-Tags can be used to demonstrate the total energy that was scheduled and delivered on a transmission path from the RPS generation source into a California balancing authority. By counting the lesser of these two amounts, the Energy Commission can verify that only energy generated and delivered is eligible for RPS compliance under PCC1.

Powerex recommends that the Energy Commission use revenue meter data in adddition to e-Tag data to determine the hourly quantity of PCC1 delivered under each contract. Each hour, the lesser of the revenue meter data for the generator and the e-Tags from the generator into the CBA associated with the contract shall count as PCC1.

Slide 21 and 22 of the "RPS Procurement Reporting & Verification under SB X1-2" presentation outlines a case where multiple buyers purchase output from the same renewable facility. In such a situation, the meter data from the facility can confirm the actual hourly output of generation, and when compared the transmission schedule contained in the e-Tag, can verify the amount that qualifies as PCC1. It is worth noting that the percentage of total output procured by each buyer is a contractual matter between buyer and seller, not a verification issue

CAISO Inter-Scheduling Coordinator Trades

Powerex supports comments made at the workshop with regards to CAISO Inter-Scheduling Coordinator Trades (ISTs) of energy, which are "an energy quantity (MWh) traded from one SC to another SC for a specific hour, trade place, and market."[1]

The CAISO functions as an organized market in which sellers and buyers of any and all forms of electricity do not have direct scheduling visibility of each other. All buyers and sellers manage their activity via purchases and sales directly with the CAISO's market rather than with one another. Since buyers and sellers do not have scheduling visibility of each other once the energy has been delivered into the CAISO, the use of an IST allows buyers and sellers of renewables to contractually connect deliveries and manage hourly price risk for each hour of delivery.

As discussed at the workshop, ISTs do not show physical transfer of energy from seller to buyer in the CAISO market. Their only role under a forward energy market is to provide a settlement service for bilateral energy contracts.[2] SB 1X-2 requires that PCC1 energy be scheduled from the eligible renewable energy resource into a CBA without substituting electricity from another source. While an IST is useful for settlement purposes between buyer and seller within the CAISO, for RPS verification purposes, the information needed by the Energy Commission for PCC1 verification is contained in the e-Tag, revenue meter data and contract between counterparties.

Powerex thanks the Energy Commission in advance for its anticipated consideration of the subject comments. Should you have any questions with regards to these comments, please contact the undersigned.

Sincerely,

/s/ NANCY NORRIS

Nancy Norris
Powerex Corp.

[1] http://www.caiso.com/1788/1788ed5721f70.pdf
[2] http://www.caiso.com/1788/1788ed5721f70.pdf